



**For Immediate Release:**

**July 22, 2008**

**SENATOR JUDD GREGG COMMENTS ON CBO SCORE OF TREASURY'S  
BACKSTOP PLAN FOR FREDDIE, FANNIE**

***Gregg: "Confidence in the U.S. economy and markets must be restored now"***

**WASHINGTON**—United States Senator Judd Gregg (R-NH), Ranking Member of the U.S. Senate Budget Committee, today commented on the Congressional Budget Office (CBO) estimate of the cost to taxpayers of the U.S. Department of Treasury's temporary authorization to provide equity capital and purchase obligations of the government-sponsored enterprises (GSEs) that work with housing finance, specifically Freddie Mac, Fannie Mae, and Federal Home Loan Banks, to help stabilize and revitalize the nation's ailing housing sector.

In its estimate, the CBO noted there is a significant likelihood – more than 50% – that Treasury would not need to provide funds and financial backing to these GSEs before Treasury's authority expires in December 2009. However, taking a few possible outcomes, events and probabilities into account, such as further deterioration of the housing market, the CBO arrived at an estimate that the authority would cost approximately \$25 billion over fiscal years 2009 and 2010.

Senator Gregg stated, "Our nation's economy, financial markets, and homeowners are suffering through one of the worst housing market downturns in our nation's history. We need to restore confidence in the markets, and we need to do this quickly before this financial crisis worsens, and Secretary Paulson's plan to support Freddie Mac and Fannie Mae does just that.

"Freddie and Fannie are important mainstays in the American economy, and we need to find solid footing for these enterprises before the economy can recover, right itself, and get back on track. Today's estimate by the CBO of \$25 billion is uncertain at this time as we cannot anticipate how much, if any, authority and funding Secretary Paulson will have to use to back these GSEs. However, the cost estimated by CBO will pale in comparison to our long term costs if we do not address this problem now, and so I fully support the Secretary's authority to provide funding for these institutions if it comes to that. I will continue to work with my colleagues in Congress on legislation that will restore confidence in the economy and reform the weaknesses in the system that enabled the houses crises to occur in the first place."

###